

# Power Finance & Risk

Exclusive Insight on Power M&amp;A and Project Financing

By the publisher of GlobalCapital

## ● MERGERS &amp; ACQUISITIONS

## ● PPA PULSE

## ● PEOPLE &amp; FIRMS

## LS Power Seals Gas-fired Buy, Prices Hydro Notes

LS Power has partially closed one portfolio acquisition from **FirstEnergy Corp.** while pricing debt to finance another portion. [Page 6](#)

## San Fran's BART, Alberta's AESO Dish Out Contracts

**Bay Area Rapid Transit** and the **Alberta Electric System Operator** are among the latest offtakers inking deals. [Page 10](#)

## Commodities Trader Heads to D.G. Finance Shop

A trader who most recently worked at **BP** has joined a New England-based distributed energy finance firm. [Page 12](#)

# Canadian Solar Chairman Bids to Take Co. Private

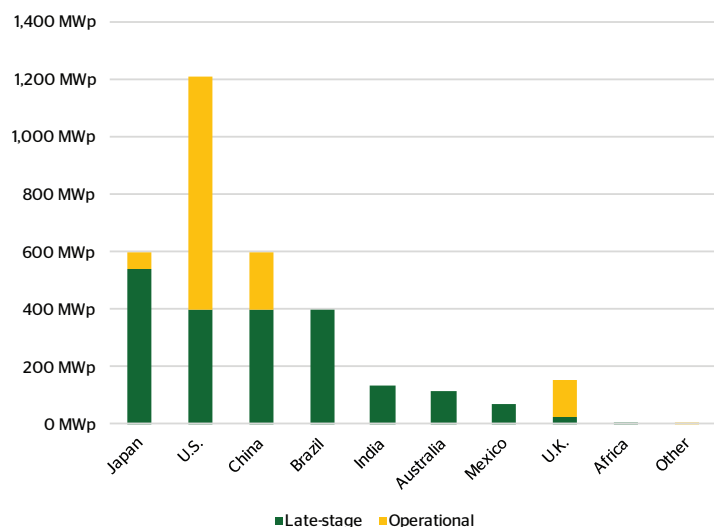
Richard Metcalf

Canadian Solar's chairman, president and ceo, **Shawn Qu**, has made a bid to take the company private through a leveraged buy-out.

Qu, who already owns about

23.5% of the Guelph, Ontario-based company with his wife, **Hanbing Zhang**, is offering shareholders \$18.47 a share, a premium of 7.1% over the closing price on Dec. 8. [PAGE 8 »](#)

## Canadian Solar Late-stage and Operational Assets As of February 28, 2017 (MWp DC Capacity)



Source: Canadian Solar filing with the U.S. Securities and Exchange Commission

## Utility to Sell Stake in Texas Coal-fired Asset

Fotios Tsarouhis

A utility holding company is selling a 54.7% stake in a 650 MW coal-fired plant in western Texas.

Columbus, Ohio-based **American Electric Power** launched a sales process for the 355 MW competitive portion of the Oklahoma project in Vernon, Texas, on Oct. 6.

The plant, which came online

in 1986, is directly owned by AEP subsidiary **AEP Texas North**.

Another subsidiary, **AEP Public Service Co. of Oklahoma**, owns the utility's remaining 15.6% stake in the facility.

The **Brownsville Public Utilities Board** and the **Oklahoma Municipal Power Authority** own the remaining equity in the project, with respective shareholdings of 18% and 11.7%. [PAGE 7 »](#)

## Alternative Investor Acquires Storage Portfolio

Fotios Tsarouhis

A company backed by Australian asset manager **Blue Sky Alternative Investments** and individual investor **Randolph Mann**, known as Randy, has acquired a bundle of battery storage projects from **Powin Energy Corp.**

The storage-focused buyer, **esVolta**, described by Mann as "an IPP for the [PAGE 7 »](#)

## Fund Sets Sights on Power and Renewables Lending with EIG Deal

Richard Metcalf

**FS Investments** plans to shift the strategy of its \$4.2 billion energy investment fund, placing greater emphasis on self-originated deals and the power and renewables sector, through a partnership with **EIG Global Energy Partners**.

FS and EIG plan to reposition the FS Energy and Power Fund portfolio in favor of [PAGE 5 »](#)



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## ● STRATEGIES

# Tesla Prices Latest Solar ABS Offering

Tesla priced the latest securitization from its **SolarCity** subsidiary on Dec. 8, pushing total solar asset-backed securitization volume beyond \$1.5 billion in 2017 as secondary market activity gradually builds.

**Citi** and **Credit Suisse** were the bookrunners on the \$130.91 million offering, pricing the \$99.02 million 'A' notes at 185 basis points over interpolated swaps on Dec. 8—15 bps tighter than the issuer's last offering in November.

The \$31.89 million 'B' tranche was priced to yield 7%, compared with 7.75% on the 'B' notes of the November deal.

The transaction securitizes a portfolio of about 12,400 leases and power purchase agreements tied to residential rooftop photovoltaic installations with a weighted average counterparty FICO score of approximately 745.

The appearance of a second deal from Tesla barely a month after the last one was priced is a testament to the demand for the asset class, sources said last week. The smaller size of the second deal could be due to the quick succession of similar offerings from the same issuer, said one of them.

The two Tesla deals have pushed the volume of solar ABS issuance past the \$1bn milestone, which an esoteric ABS source described as a "turning point" for the asset class.

"There's more buyers in the market now because they've taken the time to study the asset class," he said, adding that the high-quality collateral in the Tesla deal was likely a draw for investors as well.

"The deal has a very significant volume of high quality leases and PPAs, and given the weighted average remaining term on this deal of 232 months—that's typically a 20-year contract—and the weighted average 'super prime' FICO score, I think investors would find that appealing," he added. ABS market participants use 'super prime' to refer to credit scores over 740.

### SECONDARIES

With the watershed growth in solar securitization primary issuance of all kinds—backed by leases and PPAs or loans—has come increased secondary market trading, noted analysts at **JP Morgan**, adding, however, that the solar ABS secondary market continues to be dwarfed even by other esoteric asset classes and that activity tends to spike after primary offerings.

"Solar ABS secondary trade reporting and compliance engine (TRACE) volumes are relatively small even compared to residential Property Assessed Clean Energy (PACE) ABS trading volumes at \$10m on average per month in 2017," wrote the analysts in a Nov. 10 research note. ■

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Feel free to contact **Richard Metcalf**, editor, at (212) 224-3259 or richard.metcalf@powerfinancerisk.com

## GENERATION AUCTION &amp; SALE CALENDAR ●

These are the current live generation asset sales and auctions, according to Power Finance and Risk's database.  
A full listing of completed sales for the last 10 years is available at <http://www.powerfinancerisk.com/AuctionSalesData.html>

## Generation Sale ■ DATABASE

Seller	Assets	Location	Adviser	Status/Comment
American Electric Power	Oklunion (650 MW Coal, 54.7%)	Vernon, Texas		The company has put the plant up for sale (see story, page 1).
Apex Clean Energy	Portfolio (12 GW, Wind, Solar)	U.S., Canada	CohnReznick	A sale process for the developer moved into a second round in summer (PFR, 8/14).
ArcLight Capital Partners	Portfolio (1.6 GW Wind)	U.S.	BAML	ArcLight has put the portfolio, known as Leeward Renewable Energy, up for sale (PFR, 10/9).
ArcLight Capital Partners	New Covert (1,040 MW Gas)	Van Buren County, Mich.	BNP, Whitehall	ArcLight has mandated banks to execute a potential sale of the asset (PFR, 10/30).
Ares-EIF, I Squared Capital	Oregon Clean Energy Center (869 MW Gas)	Lucas County, Ohio	Barclays, Credit Suisse	A sale process for the project is underway (PFR, 5/15).
Dayton Power & Light	Portfolio (973 MW Gas)	Midwestern U.S.		DPL is seeking a buyer for the assets (PFR, 9/11).
Edison International	SoCore Energy (160 MW DC Distributed Solar)	U.S.	Marathon Capital	The auction for the company is entering a second round (PFR, 10/30).
Electrobras	Portfolio (862 MW Wind)	Brazil		The company plans to sell the wind facilities, among other assets (PFR, 12/11).
Energy Capital Partners	Wheelabrator Technologies (1.2 GW Biomass)	U.S., U.K.		ECP has put the company up for sale (PFR, 8/21).
FirstEnergy	Bath County (713 MW Hydro)	Warm Springs, Va.	Barclays (seller)	LS Power has closed its acquisition of the four Pennsylvania assets and plans to seal its purchase of the remainder of the portfolio early next year (see story, page 6).
	Springdale (638 MW Gas)	Springdale Township, Pa.		
	Chambersburg (88 MW Gas)	Guilford Township, Pa.		
	Gans (88 MW Gas)	Springhill Township, Pa.		
	Hunlock Creek (45 MW Gas)	Hunlock Creek, Pa.		
	Buchanan (43 MW Coalbed Methane)	Oakwood, Va.		
GE Energy Financial Services	Fairview (1,050 MW Gas, 25%)	Jackson County, Pa.	Citi	GE EFS is marketing its stake in the project (PFR, 9/5).
Goldman Sachs	Raft River (13 MW Geothermal, 5%)	Malta, Idaho		U.S. Geothermal has acquired Goldman's remaining stake in the project (see story, page 7).
Infinity Renewables	Portfolio (6.6 GW Wind, Solar)	U.S.	CIBC	The company is for sale (PFR, 6/5).
Innovative Solar Systems	Portfolio (460 MW Solar)	Texas		The company is seeking a buyer for the three-project portfolio (PFR, 10/9).
LS Power	Carville (501 MW Gas)	St. Gabriel, La.	RBC Capital Markets	LS Power has hired RBC to sell the merchant facilities (PFR, 8/14).
	Hog Bayou (237 MW Gas)	Mobile, Ala.		
Morgan Stanley	NaturEner USA (399 MW Wind)	Montana	Morgan Stanley	Morgan Stanley is selling NaturEner, which owns development wind assets in Alberta as well as the 399 MW operational wind portfolio in Montana (PFR, 5/15).
NextEra Energy Resources	Portfolio (244.5 MW Wind)	California, Pennsylvania, West Virginia		Quinbrook Infrastructure Partners is acquiring the assets (PFR, 11/27).
Pacific Gas & Electric	DeSabra (26.7 MW Hydro)	Butte Creek and West Branch Feather River, California	Bodington & Co.	Bodington is running an auction for the assets (PFR, 9/25).
	Miocene (2.9 MW Hydro)			
Powin Energy Corp.	Portfolio (Storage 27.3 MW)	U.S., Canada		California-based esVolta has acquired the portfolio (see story, page 1).
Renergetica	Portfolio (24 MW Solar)	O'Higgins Region, Chile		Sky Solar is acquiring the projects (PFR, 11/27).
RES Americas	Woods Hill (20 MW Solar)	Pomfret, Conn.		Enel Green Power North America has acquired the project (see story, page 7).
Southern Power	Portfolio (1,760 MW Solar)	U.S.	Citi	Southern Power has hired Citi to sell an up to one-third stake in the portfolio (PFR, 11/6).
Starwood Energy Group Global	Electra (230 MW, 51 %)	Wilbarger County, Texas	Whitehall & Co.	Starwood is marketing its majority stakes in the projects (PFR, 11/20).
	Horse Creek (230 MW, 51%)	Haskell and Knox counties, Texas		
Texas Municipal Power Agency	Gibbons Creek (450 MW Coal)	Grimes County, Texas		The plant is up for sale again after an earlier attempt to offload it fell through (PFR, 11/20).

## ● New or updated listing

The accuracy of the information, which is derived from many sources, is deemed reliable but cannot be guaranteed.

To report updates or provide additional information on the status of financings, please call Fotios Tsarouhis at (212) 224 3294 or e-mail [fotios.tsarouhis@powerfinancerisk.com](mailto:fotios.tsarouhis@powerfinancerisk.com)

## PROJECT FINANCE

Deal Book is a matrix of energy project finance deals that Power Finance & Risk is tracking in the energy sector. A full listing of deals for the last several years is available at <http://www.powerfinancerisk.com/Data.html>

## Live Deals: Americas

Sponsor	Project	Location	Lead(s)	Deal Type	Loan Amount	Tenor	Notes
Advanced Power	South Field (1.1 GW Gas)	Columbiana County, Ohio	GE EFS	Debt	TBA	TBA	GE EFS is left lead on the debt raise. Other joint lead arrangers will be selected later this year (PFR, 5/1).
American Power Ventures	Renaissance (1 GW Gas)	Greene County, Pa.	BAML, Fieldstone (advisers)	Debt, Equity	\$900M		The sponsor plans to have equity commitments by the end of the year (PFR, 11/13).
Avangrid	Coyote Ridge (98 MW Wind)	Brookings County, S.D.	TBA	TBA			Google has signed PPAs for the full output of both projects (PFR, 12/4).
	Tatanka Ridge (98 MW Wind)	Deuel County, S.D.					
Boralex	Moose Lake (15 MW)	Peace Region, British Columbia	KfW IPEX-Bank	Term Loan	C\$51.3M	C+25-yr	The project has a 40-year PPA with BC Hydro and the all-in-cost of the debt, including hedging costs, is 4.9% (PFR, 12/4).
				Letter of Credit Facility	C\$2M		
Calpine Corp.	Portfolio (4,366 MW Gas)	U.S.	Morgan Stanley	High Yield	\$560M	8.5-yr	Calpine has refinanced the portfolio of gas-fired assets, most of which are located in Texas (PFR, 12/11).
			Credit Suisse	Term Loan B	\$1B	8-yr	
Central Puerto	La Castellana (99 MW Wind)	Buenos Aires province, Argentina	IFC, IDB Invest, C2F	Debt	\$105M	15-yr	The project has a 20-year power purchase agreement with Cammesa (PFR, 12/4).
Conor, Clark & Lunn Infrastructure	Windsor (50 MW Solar)	Windsor, Ontario	TBA	Private Placements	\$188M	18.5-yr	The firm has refinanced the two projects (see story, page 5).
	Southgate (50 MW Solar)	Southgate, Ontario	TBA		\$171M		
IENova (Sempra Energy)	Unnamed project (108 MW Wind)	Baja California, Mexico	TBA	TBA	TBA		IENova has signed a PPA with fellow Sempra subsidiary SDG&E for the output of the project, which the sponsor says will cost \$150 million (PFR, 12/4).
Indeck Energy	Niles (1 GW Gas)	Niles, Mich.	Whitehall & Co.	Debt	\$500M		The sponsor aims to close debt financing in the first quarter of next year (PFR, 11/6).
LNG Group Panama, Gunvor, Gu Xin Group	Telfers (656 MW Gas)	Panama	Société Générale (adviser)	Mini-perm	\$661M	7-yr	The sponsors of the LNG-to-power project were aiming to close the debt financing by the end of September (PFR, 9/18).
				Letter of Credit Facility	\$75M		
Novatus Energy	Palouse (105 MW Wind)	Whitman County, Wash.	KeyBanc Capital Markets, Unknown	Private Placement	\$152.9M		KeyBank and a second institution arranged the private placement with Allianz Global Investors (PFR, 12/11).
NRStor	Portfolio (300 MW Storage)	U.S.	SUSI Partners	Loan	C\$120M		The Canadian developer will use the proceeds of the loan to finance C&I behind-the-meter projects (PFR, 11/27).
NTE Energy	Reidsville (500 MW Gas)	Rockingham County, N.C.	TBA	Debt	\$595M		The sponsor took proposals from banks on Oct. 6 (PFR, 10/16).
Panda Power Funds	Mattawoman (990 MW Gas)	Prince George's County, Md.	BAML, BNP Paribas, Investec, NH Financial Group	Debt, Equity	\$500M		Bank of America Merrill Lynch has joined the lender group (PFR, 10/30).
Pattern Development	Henvey Inlet (300 MW Wind)	Parry Sound County, Ontario	TBA	Term Loan	C\$1B		Pattern has mandated banks to raise debt, including a fixed-income bond (PFR, 11/20).
			MUFG	Bond			
Canadian Pacific, Shumard Family Foundation, TWTP	SOO Green Renewable Rail (2,100 MW, 349-mile Transmission)	Iowa, Illinois	Whitehall & Co. (adviser)	Equity	\$70M		The project's owners are looking to sell an up-to-100% stake to raise \$70 million of development-stage capital (PFR, 12/4).
sPower	Portfolio (650 MW Solar, Wind)	U.S.	Citi	Private Placement	\$421M	191-yr	The private placement, backing wind and solar assets in 11 states, has a weighted average life of 10.6 years (PFR, 11/27).
Starwood Energy Group Global	Marcus Hook (840 MW Gas)	Delaware County, Pa.	Morgan Stanley, MUFG	Term Loan B	\$750M	7-yr	Starwood has increased the size of the term loan B and pricing has reverse-flexed from 400 basis points over Libor to 375 bps (see story, page 6).
	Dighton (164 MW Gas)	Bristol County, Mass.		Revolver	\$60M	5-yr	
	Milford (149 MW Gas)	Worcester County, Mass.					
Sunrun	Portfolio (Resi)	U.S.	TBA	Debt	\$303M	7-yr	The back-leveraged debt is secured on cash flows from leases and PPAs (PFR, 10/30).
Tenaska	Imperial Solar Energy Center West (150 MW Solar)	Imperial County, Calif.	Morgan Stanley, MUFG, BNP Paribas	Private Placement	\$400M	23.5-yr	The project has a power purchase agreement with San Diego Gas and Electric (see story, page 6).
UKA Group	Portfolio (400 MW Wind)	U.S.	TBA	Debt, tax equity	TBA	TBA	The Germany-based developer is seeking debt and tax equity for its first U.S. assets (PFR, 10/30).
Zuma Energia	Santa Maria (148 MW Solar)	Galeana, Mexico	Bancomext, Banobras, Nafin, North American Development Bank	Debt	\$155	TBA	The projects are due to be online in mid-2019 (PFR, 11/27).
	Orejana (135 MW Solar)	Hermosillo, Mexico			\$137M	TBA	

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## Fund Sets Sights on Power and Renewables Lending with EIG Deal

◀ FROM PAGE 1

directly originated, private deals, particularly in the power, renewables, transmission and midstream energy sectors, and away from broadly syndicated loans and high yield bonds in the upstream energy and oilfield services sectors.

Some 63% of FSEP's current holdings are in upstream energy with a further 18% in energy services and only 7% in power, according to an investor presentation detailing the proposed changes, which are subject to shareholder approval. By contrast, 30% of EIG's direct lending business is in the power sector,

not including renewables, which account for a further 9%.

The deal will allow the FSEP fund to benefit from the scale of EIG's existing \$17 billion energy sector investment platform through co-investments, **Bill Sonneborn**, president of EIG, tells *PFR*.

"That scale gives us the ability to write \$500 million to \$1 billion checks through directly originated loans," he says.

As a business development company aimed at retail investors, the fund has filed with the U.S. **Securities and Exchange Commission** for permission to co-invest alongside private insti-

tutional funds.

The FSEP fund will seek out higher-yielding deals such as holding company structured debt financings and transactions supporting novel renewable and energy storage technologies. EIG has previously financed concentrated solar projects in South Africa and has looked at opportunities involving battery storage.

In conventional generation, meanwhile, Sonneborn sees opportunities to participate in restructuring-related deals.

"There's a mass recapitalization that's going to have to occur," he says. "There's a number of plants across the country, overlevered

merchant plants that are going to go through various kinds of restructuring, and they're going to need exit financing."

The BDC has until now been managed through a sub-advisory services agreement with **GSO Capital Partners**, the credit arm of **Blackstone**, but is expected to transition to direct management by a newly-formed joint venture between FS and EIG in the first half of 2018.

FS and EIG aim to take the FSEP fund public about 18 months after the joint venture deal closes. The firms may then decide to repeat the process with an FSEP II, says Sonneborn. ■

## Mexico Plots Debut Transmission Line Auction Under New Rules

Mexico is due to hold its first tender process for a transmission line under the country's new contracting model next year, for the roughly \$1.1 billion, 1.5 GW Baja California Sur-to-Sonora project, which is expected to be operational in the first quarter of 2021.

Mexico's energy regulator, **SENER**, said that it will award the 1,400 kilometer (870 mile) project on the basis of bidders' technical and financial capabilities as well as the lowest annual payment offered.

The tender will officially be launched in January next year with the first draft of

terms and contracts, said **SENER's** under-secretary **Fernando Zendejas Reyes**. The proposals will be presented in July and the winner will be announced in September.

The high voltage direct current transmission line will run from Mexicali to Hermosillo, connecting the isolated system of Baja California to the national interconnected system.

Baja California is home to a thriving renewables sector, including the 155 MW Sierra Juárez wind farm and the 30 MW Aura Solar project, which was at one time

the largest photovoltaic solar facility to be built in Latin America. (*PFR* 8/16)

The operator contract for the new transmission line is expected to have a 30-year duration under the new tendering procedure, said the commissioner president of Mexico's **Regulatory Commission of Energy (CRE)**, **Guillermo García Alcocer**, in a statement.

While **SENER** is overseeing the tender process, the winning contractor will be paid by Mexico's **National Center for Energy Control** based on a transmission rate set by the CRE.

Companies are permitted to bid as consortia and the state-owned **Comisión Federal de Electricidad** is also allowed to bid. ■

## Sponsors Refi Canada Solar Duo with Private Placement

**Conor, Clark & Lunn Infrastructure** has refinanced a pair of solar projects totaling 100 MW in Ontario with two unrated private placements.

The two deals, \$188 million and \$171 million in size, will refinance bank debt associated with the 50 MW Windsor project, located next to Windsor Airport in the

city of Windsor, and the 50 MW Southgate project, in the township of Southgate, respectively.

The deals both have 18.5-year tenors, a spokesperson for **Conor, Clark & Lunn** tells *PFR* from Toronto. The identities of the investors and any banks or legal advisers involved in the deals could not immediately be

learned.

The two projects, which have 20-year power purchase agreements with **Ontario's Independent Electricity System Operator**, have both been online since 2016.

**Samsung Renewable Energy** originally developed the projects, bringing Connor, Clark & Lunn

and co-investor **Desjardins** on as equity investors.

The Windsor project was financed with \$195 million of bank debt in December 2015 and the Southgate project was financed with \$190 million of loans in early 2016 (*PFR*, 2/2/16). The lenders and terms of the bank loans were not disclosed. ■



## ● PROJECT FINANCE

## Starwood Reverse-Flexes Pricing on Portfolio Refi

**Starwood Energy Group Global** has increased the size of a term loan B offering and tightened the pricing as it refinances a portfolio of gas-fired assets known collectively as **Compass Power Generation**.

**Morgan Stanley** and **MUFG** are leads on the seven-year loan, the size of which has been increased from \$700 million to \$750 million during execution.

The pricing has been reverse-flexed from a margin of 400 basis points over Libor to 375 bps, while the issue price has crept up from 99% to 99.5%. The deal comes with a Libor floor of 1%.

The debt package, which the private equity firm will use partly to pay itself a dividend, also includes a \$60 million five-year revolving credit facility.

**Moody's Investors Service** and **S&P Global Ratings** have given the loans ratings of Ba3

and BB-, respectively, and commitments were due on Friday.

Starwood is issuing the senior secured loan through **Compass Power Generation**, which owns the 840 MW, dual-unit **Marcus Hook** facility near the **Sunoco** **Marcus Hook** oil refinery in Delaware County, Pa., and two Massachusetts peakers — the 164 MW **Dighton** project in Bristol County and the 149 MW **Milford** project in Worcester County.

Starwood paid **NextEra Energy Resources** \$765 million for the **Marcus Hook** complex in 2016, financing the deal with a \$657.4 million seven-year loan.

A consortium of South Korean investors bought \$200 million of the loan, which was priced at 325 to 375 basis points over Libor (PFR, 11/8/16).

Starwood agreed to buy the Massachusetts peaker duo from **Dynegy** for \$119 million in July (PFR, 7/12). ■

## Tenor of Tenaska Solar Private Placement Revealed

**PFR** has learned the tenor of a solar project refinancing that **Tenaska** placed with institutional investors in September.

The \$400 million deal, secured on the sponsor's 150 MW **Imperial Solar Energy Center West** project in Imperial County, Calif., has a 23.5-year final maturity and a weighted average life of 12.3 years, say sources.

The final maturity almost matches the duration of the 25-year power purchase agreement under which the project began to sell power to **San Diego Gas and Electric** in April 2016.

**Morgan Stanley**, **MUFG** and **BNP Paribas** were the co-placement agents on the deal, which was marketed as a green bond and priced in September (PFR, 9/6).

**Kroll Bond Rating Agency** rated the debt BBB.

**MUFG**, **BNP Paribas**, **Royal Bank of Canada**, **Santander**, **Helaba** and **DZ Bank** arranged a construction-plus-seven-year mini-perm for the project when it was initially financed in 2014. The pricing and tenor of the original deal were not disclosed (PFR, 6/19/14). ■

## ● MERGERS &amp; ACQUISITIONS

## LS Power Wraps Pa. Purchase, Prices Hydro Bond

**LS Power** has closed its purchase of several units of four Pennsylvania gas-fired projects and priced a private placement to finance its acquisition of a stake in a pumped-storage hydro project in Virginia.

The gas-fired assets and the hydro facility stake are part of a generation portfolio the private equity firm is acquiring, through its **LS Power Equity Partners III** fund, from **FirstEnergy Corp.** subsidiary **Allegheny Energy Supply Co.**, for \$825 million.

The sale, initially announced in January following an auction process, is part of the utility's broader divestment from unregulated markets (PFR, 11/7/16). **LS Power** has named the portfolio **Aspen Generating**.

The sale of the gas-fired assets in Pennsylvania closed on Dec. 13, netting **FirstEnergy** \$390 million, according to a statement. The bundle comprises:

- five units of the **Springdale** gas-fired project in **Springdale Township**, totaling 638 MW,
- two units of the **Chambersburg** gas-fired project in **Guildford Township**, totaling 88 MW,
- two units of the **Gans** gas-fired project in **Springhill Township**, totaling 88 MW, and
- the 45 MW **Hunlock Creek** gas-fired project in **Hunlock Creek**.

**BNP Paribas**, **Citi**, **ING** and **Morgan Stanley** arranged a seven-year mini-perm for the four gas-fired assets earlier this year.

**CoBank**, **Deutsche Bank**, **GE Energy Financial Services** and **Investec** joined the \$337.5 million deal as co-lead arrangers, with **CIT Bank** acting as mandated arranger. The loan was priced

at 325 basis points over Libor (PFR, 10/4).

The parts of the deal that are still to close are **LS Power's** purchases of a 23.75% stake in the merchant, 3,003 MW **Bath County** pumped-storage project in **Warm Springs, Va.**, and a 50% interest the 88 MW **Buchanan** project in **Oakwood, Va.**, which runs on coalbed methane.

"We expect the remainder of the transaction to close in the first quarter of 2018," a spokesperson for **FirstEnergy** tells **PFR** from **Akron, Ohio**.

### PRIVATE PLACEMENT PRICED

**LS Power** recently priced a \$300 million senior secured private placement that will serve as the permanent financing for the hydro project stake.

**Morgan Stanley** and **Citi** were the agents on the notes, which have a 15-year bullet maturity and were priced at 210 basis points over **Treasuries**, producing a 4.58% coupon.

### SPECIAL OFFER

**LS Power** initially agreed to purchase the Pennsylvania gas-fired assets and the **Bath County** hydro stake at a higher price, \$925 million, in January after entering into a letter of intent in December 2016 (PFR, 1/20).

"The terms of the transaction continued to evolve after we first announced an agreement in January," a spokesperson for **FirstEnergy** told **PFR** in September, shortly after the company cut the price tag for the portfolio and threw **Buchanan** in as a sweetener, saying that the \$825 million figure was reflective of "prevailing market conditions" (PFR, 9/6/17). ■

## MERGERS &amp; ACQUISITIONS ●

# Alternative Investor Acquires Storage Portfolio

« FROM PAGE 1

energy storage space”, is primarily focused on the U.S. and Canada as storage finance develops.

“We’re quickly getting to the stage where the utilities are seeing that it’s economic. Not in every market, but certainly in an increasing number of markets,” Mann told *PFR* from the site of one of the projects in Ontario on Dec. 13. “The idea really is that esVolta will be a developer, owner, manager, financier of energy storage

assets and really focused on the utility space and that Powin will be our long-term supplier.”

The portfolio includes a 50% stake in the 8.8 MW Powin Energy Ontario Storage facility in Stratford, Ontario, that is contracted with Ontario’s **IESO**. The facility, which is slated to be Canada’s largest storage project, is expected to be online this year.

Powin financed the facility with an innovative C\$5.5 million (\$4.3 million) construction-to-term loan

from **Brookfield Asset Management** earlier in 2017. The deal was among the first non-recourse financings for standalone battery storage assets, Powin president Geoffrey Brown told *PFR* in October (*PFR*, 10/23).

The other assets in the portfolio include the 6.5 MW Don Lee BESS project under development in Escondido, Calif., which is located in an orange processing facility and is contracted with **San Diego Gas & Electric**, the 2 MW Grand

Johanna project in Irvine, Calif., which is contracted with **Southern California Edison**, and a planned 10 MW project.

Mann declined to disclose the size or exact location of the last project, but told *PFR* it is in located in the U.S. and has a long-term offtake arrangement with a utility company. Representatives of Powin in Portland, Ore., did not respond to an inquiry.

**Macquarie Capital** closed what it billed as the “first non-recourse project financing of battery-based energy storage systems” earlier this year, with a construction-plus-term loan for solar storage projects it owns in California. **CIT Bank** was the sole arranger of the deal backing the \$200 million portfolio (*PFR*, 3/27). ■

## U.S. Geothermal to Buy Goldman Stake in Raft River

U.S. Geothermal has reached a deal to take full ownership of the 13 MW Raft River geothermal project in Idaho by acquiring **Goldman Sachs’** minority stake in the facility.

Under the terms of the agreement, the **New York Stock Exchange**-listed developer will pay the investment bank \$350,000 for its 5% interest. The transaction is slated to close on Jan. 2.

The deal “further enables us to implement capital upgrades to increase output from the facility,” said U.S. Geothermal’s chief operating officer and interim ceo

**Douglas Glaspey** in a statement, noting that the company plans to focus on acquisitions as well as increasing generation at its projects.

The company is expanding the Raft River project, which is located near the town of Malta, Idaho, by approximately 2.2 MW.

The facility has been online since April 3, 2008 and sells its output to **Idaho Power Co.** under a 25-year power purchase agreement signed the previous September. The project also sells renewable energy credits under a separate agreement.

The PPA price is expected to

be \$74.32/MWh in 2018, according to a statement issued by U.S. Geothermal on Dec. 12.

Goldman was sweeping 99% of the project’s cash flows under a tax equity structure until 2015, when the tax equity flipped and the bank reduced its cash flow interest to 5% by selling the rest back to the developer (*PFR*, 12/17/15).

U.S. Geothermal closed a \$20 million seven-year term loan from **Prudential Capital Group** to fund acquisitions and for other corporate purposes. The loan, which bears interest at a fixed rate of 5.8%, is collateralized against Raft River and includes an option to draw a further \$30 million over the next two years (*PFR*, 5/23). ■

## Enel Acquires New England Solar Project

**Enel Green Power North America** has acquired a 20 MW solar project that won a 20-year power purchase agreement in the New England Clean Energy Request for Proposals in 2016.

The Woods Hill project in Pomfret, Conn., was one of two submissions into the New England RFP by **RES Americas**, both of which were successful (*PFR*, 10/26/16).

Its other successful bid was for its 20 MW Hope Road solar project in Cranston, R.I.

The purchase price for the Wood Hill project and Enel’s plans to finance it could not immediately be established. Spokespeople for RES in Broomfield, Colo., and Enel in Andover, Mass., did not immediately respond to inquiries. ■

## Utility to Sell Stake in Texas Coal-fired Asset

« FROM PAGE 1

AEP is not using a financial adviser, a spokesperson tells *PFR* from Columbus.

“Oklaunion has been a drag, particularly on the unregulated side, in the **ERCOT** portion of Texas,” AEP ceo **Nick Akins** said on the company’s third quarter earnings call in October.

“And just like any other base load generation, I don’t think it gets the value it deserves for what it provides to the market.”

**ArcLight Capital Partners** and **Blackstone Group** agreed to acquire a 5.2 GW portfolio of conventional generation assets from AEP last year, part of the utility’s effort to offload its competitive

generation portfolio (*PFR*, 9/14).

AEP committed to adding 500 MW of in-state wind generation and 400 MW of in-state solar generation in an agreement with the **Public Utilities Commission of Ohio** last year, issuing a request for proposals for solar projects earlier this fall (*PFR*, 10/19). ■

## ● MERGERS & ACQUISITIONS

# Canadian Solar Chairman Bids to Take Co. Private

◀ FROM PAGE 1

The chairman intends to fund the buy-out with third-party debt and is also open to the participation of third-party equity sponsors in the potential transaction.

Noting that the company has recently agreed to sell the bulk of its U.S. operating portfolio, which it owns through San Francisco-based subsidiary **Recurrent Energy**, to Asian investors, a deal watcher says potential partners with Qu on a take-private transaction may also come from outside the U.S.

**Korea Electric Power Co.**, in a joint venture with a Korean-registered private equity firm, and Chinese investor **Shenzhen Energy Group Co.** emerged

as the winning bidders for the roughly 600 MW Recurrent portfolio following a sale process run by **Bank of America Merrill Lynch** and **Scotiabank** earlier this year (PFR, 9/27, 10/16).

However, Recurrent remains active in developing and financing projects in the U.S. In November, the company signed a construction loan and letter of credit facility for its 20 MW Gaskell West 1 solar project in Kern County, Calif., with **KeyBanc Capital Markets**.

And on Dec. 7, the board of directors of **Bay Area Rapid Transit**, the company that runs the San Francisco Bay Area's elevated rail and subway system, approved a 45 MW power pur-

chase agreement for the output of Recurrent's Gaskell West 2 project (PFR, 12/8).

Canadian Solar is also active developing and financing projects

**“Parties providing financing will require a timely opportunity to conduct customary due diligence”**

in Latin America. In September, the firm acquired a 60 MW solar project in Brazil, called Guimara-  
nia, from a consortium of earlier-stage developers (PFR, 9/6).

The company's board has formed a special committee of independent directors to scrutinize Qu's take-private offer. The committee is expected to hire financial and legal advisers.

“Parties providing financing will require a timely opportunity to conduct customary due diligence on the Company,” Qu wrote in a letter to the board on Dec. 9. “I would like to ask the Board to accommodate such due diligence request and approve the provision of confidential information relating to the Company and its business to possible sources of equity and debt financing subject to confidentiality agreements with customary terms.” ■

### Recurrent Energy Assets Sold to Shenzhen Energy Group Co.

Project	Location	Capacity	Stake	Net Capacity
Mustang	Kings County, Calif.	100 MW	100%	100 MW
Tranquility	Fresno County, Calif.	200 MW	49%	98 MW
Garland	Kern County, Calif.	200 MW	49%	98 MW

Source: Filings with the U.S. Federal Energy Regulatory Commission

### Recurrent Energy Assets Sold to KEPCO and COPA US

Project	Location	Capacity	Stake	Net Capacity
Astoria	Kern County, Calif.	100 MW	50%	50 MW
Astoria 2	Kern County, Calif.	75 MW	50%	38 MW
Barren Ridge	Kern County, Calif.	60 MW	50%	30 MW

Source: Filings with the U.S. Federal Energy Regulatory Commission

# Danish Developer Takes First Step into Mexico

**European Energy** is expanding into Mexico with 1 GW of planned renewable generation, two years after it made its first foray into Latin America, in Brazil.

The Danish company is partnering with a Mexican firm to develop the 1 GW wind-and-solar portfolio, of which 200 MW already has building permits.

European Energy did not name its Mexican partner in a statement on Dec. 12 but did say that the partnership includes an option for it to buy 50% of the company, which employs 20 people.

“We are currently negotiating several bilateral PPAs” for the projects, said a spokesperson for European Energy in Søborg, Denmark, adding that the sponsor intends to obtain project finance in the local bank market.

European Energy is one of at least two international companies to pull the trigger on their first Mexican renewables deals in the last six months, after **Sojitz Corp.** bought a stake in a 290 MW solar project in August, the first such move by a Japanese company (PFR 08/14).

**“We are currently negotiating several bilateral PPAs”**

European Energy's Mexican expansion comes after a flurry of deals for the company in Brazil, where it first entered Latin America. In August, the company sold project rights for 81 MW of a 91 MW solar project to Brazilian utility **AES-Tietê** for an undisclosed sum. This was European Energy's first

exit of a project in Brazil.

The company is also building a 60 MW solar plant in Brazil that is expected to be completed in the first quarter of next year, and will participate in the country's next power auction, European Energy said in its third quarter 2017 report.

Despite not being rated by the main rating agencies, European Energy has shown that it has access to the European debt capital markets. In July, the company printed a €60 million (\$70 million) four-year non-call two floating-rate bond at a spread of 7% over three-month Euribor to refinance existing debt, including shareholder loans, and general corporate purposes. The trade was led by **Nordea**, the Scandinavian regional bank which is in the process of moving its headquarters from Stockholm to Helsinki. ■



# IEnova and Inkia Raid Receptive Bond Mart

A pair of Latin American power companies brought dollar bonds to the market last week, with Mexico's **IEnova**, a debut issuer, and Peru-based **Inkia Energy** raising \$990 million between them.

Latin American power sector credits are popular with bond investors who are able to do the credit work and are looking for yields unavailable elsewhere, says a syndicate banker in New York.

"You have to look at the country they're in and have to look at the fundamentals," she says, noting that these borrowers offer a rare opportunity to make a return of 5% or higher. "You're not getting that with any U.S. utilities."

IEnova, rated Baa1, BBB and BBB+ by **Moody's Investors Service**, **S&P Global Ratings** and **Fitch Ratings**, took the lion's share of the funding on Dec. 12, printing a \$300 million 10-year bond and a \$540 million 30-year tranche in its first offering in the dollar-denominated bond market.

The total amount, \$840 million, was the maximum the company was planning to raise, according to Moody's.

**Bank of America Merrill Lynch, Citi**

and **Scotia Bank** were the bookrunners, initially marketing the 10-year tranche at price thoughts in the high 100s over Treasuries, before refining the spread to 160 basis points. Pricing on the 10-year finally landed at 155bp over, with a coupon of 3.75%.

The 30-year portion, meanwhile, was marketed on a yield basis and was priced in line with guidance to yield 5.125% with a coupon of 4.875%.

**"No grow is practically a guaranteed way to create some price tension. And there has been a lot of high yield LatAm bonds lately so you can see why they did it"**

The proceeds will be used to repay short-term debt and for general corporate purposes, IEnova said.

The Mexican company, which owns and operates gas pipelines as well as generation assets, has a "significant financial risk

profile," said S&P. "We foresee maximum leverage in the next 12 months of around four times and of 3.5 times in 2019."

Inkia Energy's deal was a more low-key transaction, a reopening of its existing 5.875% bonds maturing in 2027 for a further \$150 million, bringing the size of the series up to \$600 million.

Inkia, which owns subsidiaries across Latin America, announced the deal to investors as a "will not grow" trade, which would have helped pricing, according to a syndicate banker away from the deal.

"No grow is practically a guaranteed way to create some price tension," the London-based banker said. "And there has been a lot of high yield LatAm bonds lately so you can see why they did it."

The tap was priced at par, at the high end of the range suggested by initial price thoughts for the issue price, which were in the area of 99.5%. **Credit Suisse** and **Deutsche Bank** were the leads.

Inkia, which is in the process of being acquired from **IC Power** by **I Squared Capital**, has Ba3, BB- and BB ratings from Moody's, S&P and Fitch. ■

## #PowerTweets

For more news and coverage, follow @PowerFinRisk on Twitter, as well as @richmetcalf, @OliviaFeld and @FotiosEuromoney

**Colby Bermel @ColbyBermel** Dec 8  
"Ideally, and maybe in 50 years, we'll have wireless electricity; who knows. But right now we don't," a Florida state lawmaker said in justifying a bill that would speed up the approval process for new transmission lines

**Mike McKinnon @mikemckinnon** Dec 13  
**Premier @RachelNotley** announcing results of renewable electricity auction. 3 companies with an average of 3.7 cents/kWh. This is the lowest price in Canada. By far. #ableg #yyc

**Ben Serrurier @benserrurier** Dec 13  
Replying to @mikemckinnon  
I assume this is mostly wind but if bidding solar into Canada would you assume lower module prices bc US tariffs will increase supply to CA?



**Ivan Penn @ivanlpenn** Dec 14  
California regulators propose replacing PG&E natural gas plants with energy storage

**Elias Hinckley @EliasHinckley** Dec 14  
Hearing there was some concession made to protect ITC and PTC in the revised BEAT rules in the #taxbill. No details yet. #wind #solar

**Michael Powers @TerraWatts2010** Dec 14  
1GW UK to France sub-sea electricity transmission line approved  
<https://goo.gl/x7kzMU>  
#HVDC #supergrid

## ● PPA PULSE

# BART Signs with Recurrent, NextEra

*PFR is trying something new—giving you all of the latest power purchase agreement news in a weekly instalment rather than every two months. Subscribers will get all the same offtake info, just a bit sooner! Let us know what you think by e-mailing the editor at richard.metcalfe@powerfinancerisk.com.*

## AY, CARAMBA! BART INKS CONTRACTS

**Bay Area Rapid Transit**, the elevated rail and subway system that serves the San Francisco Bay Area, has inked its first utility-scale renewable power purchase agreements, both 20 years in length, with a wind project and a solar project.

The mass transit agency will purchase 45 MW from **Recurrent Energy's** Gaskell West 2 solar project and 61.7 MW from **NextEra Energy's** Sky River wind project, both in Kern County. The deals were approved by BART's board of directors on Dec. 7, following a procurement process that began in May.

BART reviewed more than 50 renewables projects as part of the process and began contract negotiations with the two developers in August. The agency intends to procure 100% of its generation from renewable sources by 2045.

"BART received a robust set of competitive bids in response to the Request for Proposals that was issued in May 2017," said **Holly Gordon**, sustainability director at BART, in a statement. "The price per kWh (kilowatt hour) that BART will pay when the projects begin operating in 2021 is lower than what BART currently pays for energy."

The two projects are expected to be online by the end of 2020.

## APPALACHIAN'S FIRST SOLAR PPA

**American Electric Power** sub-

sidary **Appalachian Power** has inked a its first utility-scale solar power purchase agreement, a 20-year deal with **Coronal Energy** for the output of a 15 MW project in Virginia.

The project, called Depot Solar Center and located in Campbell County, Va., inside Appalachian Power's service territory, is expected to be operational by September 2019.

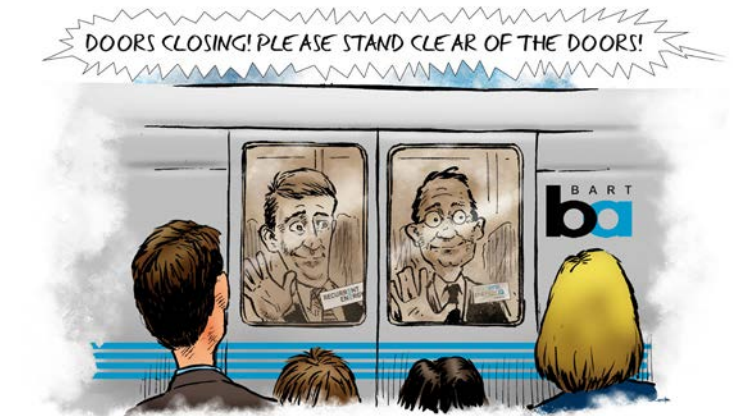
Appalachian picked Coronal's bid for the Depot project out of 37 responses to a request for proposals the utility issued in January.

## MONTANA PSC SETS TERMS

The **Montana Public Service Commission** has voted unanimously to approve a 15-year power purchase agreement under which **Northwestern Energy** will purchase the output of a 23 MW wind project owned by **TransAlta Corp.**

The sponsor began talks with the utility in May for a 25-year PPA at a fixed price of \$43.63/MWh, but Northwestern balked and asked the PSC to mediate. On Dec. 12, the PSC set the price at \$23.30/MWh, up from the \$13.96/MWh Northwestern had requested, but reduced the duration of the PPA from 25 years to 15 years and eliminated a carbon price adder.

Located in Wheatland County, the New Colony project is part of a development-stage portfolio that German developer **WPD** took over when it acquired Port-



land Ore.-based **Volkswind USA** in August 2016. The precise date when TransAlta acquired it from WPD could not immediately be established.

The project is expected to be online at the end of 2018.

## ALBERTA SERVES UP 596 MW

The **Alberta Electrical System Operator** has awarded contracts to nearly 600 MW of wind generation in the form of 20-year renewable energy support agreements in the first round of its Renewable Electricity Program.

The auction set a record for the lowest renewables pricing in the province, according to AESO. The PPAs were priced between C\$30.90/MWh (\$24.04/MWh) and C\$43.30/MWh (\$33.70/MWh), producing a weighted average price of C\$37/MWh (\$28.80/MWh).

The contracts were allocated to **Capital Power**, **EDP Renewables Canada** and **Enel Green Power Canada**.

## WHITLA WIND

Edmonton, Alberta-based **Capital Power's** 201.6 MW Whitla Wind project near Medicine Hat in Forty Mile County, was one of the projects that won a contract.

The project is slated to begin operations in the fourth quarter of 2019.

## SHARP HILLS

**EDP Renewables Canada** was awarded a contract for 248 MW of generation from its Sharp Hills wind project near Sedalia and New Brigden in eastern Alberta. The project is expected to begin commercial operations in December 2019.

## RIVERVIEW, CASTLE ROCK RIDGE

**Enel Green Power North America** won two PPAs totaling 146 MW for its 115 MW Riverview wind project and the 30.6 MW second phase of its Castle Rock Ridge wind project, both of which are located in Pincher Creek. Enel says it plans to invest roughly \$170 million in the two facilities, which are due to begin commercial operations in 2019.

The unsuccessful bidders in round one were **BHEC-RES Alberta**, **BowArk Energy**, **C&B Alberta Solar Development**, **EDF EN Canada**, **Invenergy Wind Global**, **NaturEner Energy Canada**, **NextEra Canada Development**, **Potentia Renewables** and **TransAlta Corp.** ■



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## ● PEOPLE &amp; FIRMS

# Distributed Energy-focused Firm Hires Commodities Pro

New England-based distributed energy finance shop **Constant Energy Capital** has hired a commodities trader at the managing director level and is preparing to make a mid-level hire within the next year.

**Jubran Whalan**, whose previous employers include **Enron Corp.**, **TransAlta Corp.**, **SunEdison** and **BP**, joined the firm as managing director for origination, commodity risk management and asset optimization this month.

The company, which provides capital to developers of contracted distributed gas-fired and solar generation and storage projects, finances portfolios in the range of \$10 million to \$50 million.

"Constant Energy Capital's early focus on funding distributed energy projects which are expected to outpace centralized generation 5-to-1 by 2024 was a major driver for joining this dynamic company," Whalan said in a statement.

Whalan most recently worked at BP, where, as managing director for global structured products, he oversaw commodities trading in Alberta and worked to build out the company's Western U.S. and Canadian power and gas business, according to his **LinkedIn** profile. Whalan joined BP in 2011 and was based in Calgary, Alberta.

Before joining BP, he had worked as a senior vice president for business development and environmental attributes at SunEdison in 2008, v.p. for commodity trading and origination at TransAlta from 2002 to 2007 and director, commodity risk management, at Enron, from 1996 to 2001.

While at TransAlta, Whalan handled acquisitions and project development in addition to commodities trading, origination and the company's wholesale marketing business, according to his biography on

global special situations group at the end of that year. She left SunEdison in 2012.

Another of Constant Energy Capital's managing directors, **Paul Jameson**, also worked at SunEdison, from 2007 to 2012,

typically, unless there is some follow-up opportunity," says Powers, who adds that the types of on-site distributed gas-fired facilities the firm bankrolls range in size from 1 MW to 10 MW.

"We're focused on assets that sit on the distribution system, so that can be as small as a behind-the meter 1 MW back-up genset to a much larger [combined heat and power] project."

Moreover, the company is committed to carrying out due diligence within 30 days, a narrower timeframe than other firms.

"Due diligence can go on for a long time if there's tepid interest—or even if there's strong interest—because they have, potentially, a lot of deal flow, or some other reason," she says of rival finance providers. ■

**"I think in the next couple of quarters we will be looking at hiring an asset manager that has expertise in distributed natural gas generation"**

Constant Energy Capital's website.

Whalan's experience with investment firms and private equity in his TransAlta years is particularly valuable, says **Catherine York Powers**, ceo and managing director of Constant Energy Capital at the company's headquarters in Portland, Maine.

With Whalan at m.d. level, the company is preparing to make a mid-level hire in the first half of 2018.

"I think in the next couple of quarters we will be looking at hiring an asset manager that has expertise in distributed natural gas generation," says Powers.

## SUNEDISON CONNECTION

Like the newest addition to her team, and like many other alternative energy finance professionals, Powers also worked at SunEdison for a time.

Joining the solar giant in 2008, she overlapped with Whalan for several months. Powers was managing director for the Caribbean and Latin America at Sun Edison from 2008 to 2010 before becoming vice president for acquisitions at SunEdison's

focusing on global mergers and acquisitions and project finance.

## FOCUS ON PORTFOLIOS—AND SPEED

Constant Energy Capital, which was founded in 2015, focuses on financing portfolios of assets. "We don't do one-off projects,

## ● ONE YEAR AGO



The 965.4 MW La Paloma gas-fired combined-cycle project in McKittrick, Calif., filed for bankruptcy after hiring **Jefferies** to advise on a restructuring. The plant's majority shareholder at the time, **EIG Global Partners**, blamed "regulatory policies and market forces" for the facility's financial difficulties. (PFR, 12/19/16).

[The plant's main creditor, **Beal Bank**, took possession of the project on Dec. 4, according to a recent filing with the U.S. **Federal Energy Regulatory Commission**.]

## ● FIVE YEARS AGO



**Pattern Development** mandated **Bank of Tokyo Mitsubishi, Union Bank** (then two separate institutions) and **Mizuho** to finance its 270 MW South Kent and 150 MW Grand wind projects in Ontario with an \$800 million hybrid bank and bond deal (PFR, 12/17/12).

[The wind project sponsor is back this year with a remarkably similar deal for its 300 MW Henvey Inlet project in Parry Sound County, Ontario. **MUFG**, the successor to BTM and Union Bank, is one of several banks in a club assembled by Pattern (PFR, 11/16).]